

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3793

To provide for the Secretary of Housing and Urban Development to make grants for economic development activities in connection with loan guarantees under section 108 of the Housing and Community Development Act of 1974 to enhance the security of such loans and improve the viability of projects financed with such loans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1994

Mr. RIDGE introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To provide for the Secretary of Housing and Urban Development to make grants for economic development activities in connection with loan guarantees under section 108 of the Housing and Community Development Act of 1974 to enhance the security of such loans and improve the viability of projects financed with such loans, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Community Enterprise  
5       Revitalization Amendments Act”.

1 **SEC. 2. SECTION 108 ELIGIBLE ACTIVITIES.**

2 (a) IN GENERAL.—Section 108(a) of the Housing  
3 and Community Development Act of 1974 (42 U.S.C.  
4 5308(a)) is amended—

5 (1) in the first sentence—

6 (A) by striking “or” after “section  
7 105(a);”; and

8 (B) by inserting before the period the fol-  
9 lowing: “; (5) the acquisition, construction, re-  
10 construction, or installation of public facilities  
11 (except for buildings for the general conduct of  
12 government); or (6) in the case of colonias, pub-  
13 lic works and site or other improvements”; and

14 (2) by striking the second sentence and insert-  
15 ing the following: “A guarantee under this section  
16 (including a guarantee combined with a grant under  
17 subsection (q)) may be used to assist a grantee in  
18 obtaining financing only if the grantee has made ef-  
19 forts to obtain the financing without the use of the  
20 guarantee (and, if applicable, the grant) and cannot  
21 complete the financing consistent with the timely  
22 execution of the proposed activities and projects  
23 without the guarantee (or, if applicable, the  
24 grant).”.

25 (b) DEFINITION.—Section 102(a) of the Housing and  
26 Community Development Act of 1974 (42 U.S.C.

1 5302(a)) is amended by adding at the end the following  
2 new paragraph:

3 “(24) The term ‘colonia’ means any identifiable  
4 community that—

5 “(A) is in the State of Arizona, California,  
6 New Mexico, or Texas;

7 “(B) is in the United States-Mexico border  
8 region;

9 “(C) is determined to be a colonia on the  
10 basis of objective criteria, including lack of po-  
11 table water supply, lack of adequate sewage sys-  
12 tems, and lack of decent, safe, and sanitary  
13 housing; and

14 “(D) was in existence as a colonia before  
15 the date of the enactment of the Cranston-Gon-  
16 zalez National Affordable Housing Act.”.

17 **SEC. 3. ECONOMIC DEVELOPMENT GRANTS.**

18 (a) IN GENERAL.—Section 108 of the Housing and  
19 Community Development Act of 1974 (42 U.S.C. 5308)  
20 is amended by adding at the end the following new sub-  
21 section:

22 “(q) ECONOMIC DEVELOPMENT GRANTS.—

23 “(1) AUTHORIZATION.—The Secretary may  
24 make grants in connection with notes or other obli-  
25 gations guaranteed under this section to eligible

1 public entities for the purpose of enhancing the secu-  
2 rity of loans guaranteed under this section or im-  
3 proving the viability of projects financed with loans  
4 guaranteed under this section.

5 “(2) ELIGIBLE ACTIVITIES.—Assistance under  
6 this subsection may be used for the purposes of and  
7 in conjunction with projects and activities assisted  
8 under subsection (a).

9 “(3) APPLICATIONS.—Applications for assist-  
10 ance under this subsection shall be submitted by eli-  
11 gible public entities in the form and in accordance  
12 with the procedures established by the Secretary. El-  
13 igible public entities may apply for grants only in  
14 conjunction with a request for guarantee under sub-  
15 section (a).

16 “(4) SELECTION CRITERIA.—The Secretary  
17 shall establish criteria for awarding assistance under  
18 this subsection. Such criteria shall include—

19 “(A) the extent of need for such assist-  
20 ance;

21 “(B) the level of distress in the community  
22 to be served and in the jurisdiction applying for  
23 assistance;

1           “(C) the quality of the plan proposed and  
2           the capacity or potential capacity of the appli-  
3           cant to successfully carry out the plan; and

4           “(D) such other factors as the Secretary  
5           determines to be appropriate.”.

6           (b) CONFORMING AMENDMENT.—Title I of the Hous-  
7           ing and Community Development Act of 1974 (42 U.S.C.  
8           5301 et seq.) is amended—

9           (1) in section 101(c) in the second sentence, by  
10          inserting “or a grant” after “guarantee”; and

11          (2) in section 104(b)(3), by inserting “or a  
12          grant” after “guarantee”.

13   **SEC. 4. USE OF UDAG RECAPTURES.**

14          Section 119(o) of the Housing and Community De-  
15          velopment Act of 1974 (42 U.S.C. 5318(o)) is amended  
16          by inserting before the period the following: “, except that  
17          amounts available to the Secretary for use under this sub-  
18          section as of October 1, 1993, and amounts released to  
19          the Secretary pursuant to subsection (t) may, to the extent  
20          or in such amounts as are or have been provided in appro-  
21          priation Acts, be used to provide grants under section  
22          108(q).”.

23   **SEC. 5. UDAG AMNESTY PROGRAM.**

24          (a) AMENDMENT.—Section 119 of the Housing and  
25          Community Development Act of 1974 (42 U.S.C. 5318)

1 is amended by adding at the end the following new sub-  
2 section:

3       “(t) UDAG AMNESTY PROGRAM.—If a grant or a  
4 portion of a grant under this section remains unexpended  
5 as of the issuance of a notice implementing this sub-  
6 section, the grantee may enter into an agreement, as pro-  
7 vided under this subsection, with the Secretary to receive  
8 a percentage of the grant amount and relinquish all claims  
9 to the balance of the grant within 90 days of the issuance  
10 of notice implementing this subsection (or such later date  
11 as the Secretary may approve). The Secretary shall not  
12 recapture any funds obligated pursuant to this section  
13 during a period beginning on the date of enactment of the  
14 Housing and Community Development Act of 1993 until  
15 90 days after the issuance of a notice implementing this  
16 subsection. A grantee may receive as a grant under this  
17 subsection—

18               “(1) 33 percent of such unexpended amounts  
19       if—

20                       “(A) the grantee agrees to expend not less  
21       than one-half of the amount received for activi-  
22       ties authorized pursuant to section 108(q) and  
23       to expend such funds in conjunction with a loan  
24       guarantee made under section 108 at least

1 equal to twice the amount of the funds received;  
2 and

3 “(B)(i) the remainder of the amount re-  
4 ceived is used for economic development activi-  
5 ties eligible under title I of this Act; and

6 “(ii) except when waived by the Secretary  
7 in the case of a severely distressed jurisdiction,  
8 not more than one-half of the costs of activities  
9 under subparagraph (B) are derived from such  
10 unexpended amounts; or

11 “(2) 25 percent of such unexpended amounts  
12 if—

13 “(A) the grantee agrees to expend such  
14 funds for economic development activities eligi-  
15 ble under title I of this Act; and

16 “(B) except when waived by the Secretary  
17 in the case of a severely distressed jurisdiction,  
18 not more than one-half of the costs of such ac-  
19 tivities are derived from such unexpended  
20 amount.”.

21 (b) IMPLEMENTATION.—Notwithstanding section 7,  
22 not later than 10 days after the date of enactment of this  
23 Act, the Secretary shall, by notice published in the Federal  
24 Register, which shall take effect upon publication, estab-

lish such requirements as may be necessary to implement the amendments made by this section.

**SEC. 6. GUARANTEE OF OBLIGATIONS BACKED BY SECTION 108 LOANS.**

Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308), as amended by section 3, is amended by adding at the end the following new subsection:

“(r) GUARANTEE OF OBLIGATIONS BACKED BY SECTION 108 LOANS.—

“(1) AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary deems appropriate, guarantee the timely payment of the principal of and interest on trust certificates or other obligations that—

“(A) are offered by the Secretary, or by any other offeror approved for purposes of this subsection by the Secretary; and

“(B) are based on and backed by a trust or pool composed of notes or other obligations guaranteed by the Secretary under this section.

“(2) FULL FAITH AND CREDIT OF THE UNITED STATES.—Subsection (f) shall apply to any guarantee under this subsection.



1           “(3) SUBROGATION.—If the Secretary pays a  
2           claim under a guarantee issued under this section,  
3           the Secretary shall be subrogated fully to the rights  
4           satisfied by such payment.

5           “(4) POWERS OF THE SECRETARY.—No Fed-  
6           eral, State, or local law shall preclude or limit the  
7           exercise by the Secretary of—

8                   “(A) the power to contract with respect to  
9                   public offerings and other sales of notes, trust  
10                  certificates, and other obligations guaranteed  
11                  under this section upon such terms and condi-  
12                  tions as the Secretary deems appropriate;

13                   “(B) the right to enforce by any means  
14                  deemed appropriate by the Secretary any such  
15                  contract; and

16                   “(C) the Secretary’s ownership rights, as  
17                  applicable, in notes, certificates, or other obliga-  
18                  tions guaranteed under this section, or con-  
19                  stituting the trust or pool against which trust  
20                  certificates or other obligations guaranteed  
21                  under this section are offered.”.

22   **SEC. 7. EFFECTIVE DATE.**

23           The Secretary shall, by notice published in the Fed-  
24           eral Register, which shall take effect upon publication, es-  
25           tablish such requirements as may be necessary to imple-

1 ment the amendments made by this Act. The notice shall  
2 invite public comments and, not later than 12 months  
3 after the date on which the notice is published, the Sec-  
4 retary shall issue final regulations based on the initial no-  
5 tice, taking into account any public comments received.

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